

Financial Statements
Bloomer Township
Montcalm County, Michigan
March 31, 2006



Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Bloomer Township	County Montcalm
Fiscal Year End March 31, 2006	Opinion Date September 13, 2006	Date Audit Report Submitted to State November 7, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

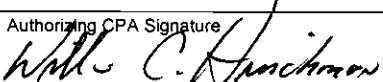
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Roslund, Prestage & Company, P.C.		Telephone Number (989) 463-6123	
Street Address 308 Gratiot Avenue		City Alma	State MI
		Zip 48801	
Authorizing CPA Signature 		Printed Name Bill Hirschman, CPA	License Number 1101016179

Bloomer Township
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March 31, 2006

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INDEPENDENT AUDITOR'S REPORT

Bloomer Township
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloomer Township, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2006, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2006, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages I-III and budgetary comparison information on page 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 13, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bloomer Township Management's Discussion and Analysis

We, the Township Board of Bloomer Township, offer citizens of the Township our financial statements with this narrative overview and analysis of the financial activities of Bloomer Township for the fiscal year ended March 31, 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Bloomer Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances.

The statement of net assets on page 1 presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets.

The statement of activities on page 2 presents information showing how the Township's net assets changed during the most recent fiscal year.

Both the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Township include general government, public safety, and road projects.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fund Financial Statements

Bloomer Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-15 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's Budget to Actual comparison. Required supplementary information can be found on page 16 of this report.

Financial Highlights

The unrestricted net assets of the General Fund of Bloomer Township exceeded its liabilities at the close of the most recent fiscal year by \$536,794, which may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Bloomer Township's governmental fund reported ending fund balance of \$536,794. The ending fund balance is an increase of \$119,198 from the 2004 audit.

The Township's total revenues increased by \$13,051 over the 2004 audit revenues. The Township's total expenditures decreased by \$39,886 over the 2004 audit expenditures.

During the 2005-06 fiscal year Bloomer Township loaned \$150,000, interest free, to the Montcalm County Road Commission as its share in repaving two miles of road that was in very poor condition. Beginning in 2005-06 the road commission will repay the loan by deducting \$25,000 per year, for six years, from Bloomer Township's annual road construction bill.

General Fund Budgetary Highlights

Not only were actual revenues for 2006 more than anticipated by \$29,670, conservative management also kept expenses to \$20,164 below what was budgeted. Overall, Bloomer Township stayed within its annual budget and experienced a gain in its fund balance.

Capital Asset and Debt Administration

As noted earlier, Bloomer Township's total unrestricted net assets exceeded liabilities by \$536,794 at the close of the most recent fiscal year. This shows Bloomer Township's careful investment in capital assets and as a result, Bloomer Township is debt free.

There were no major capital asset events during the current fiscal year.

Details of the Township's capital assets are continued in the notes to the financial statements on page 14.

Long-Term Debt: at the end of the current fiscal year, the Township has no major debts.

Economic Factors and New Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and especially in Montcalm County where the unemployment rate is the highest of any county in the state. The economic conditions have impacted state-shared revenues to local governments. In addition, because some properties increase in value by less than inflation, and Proposal A caps new growth at the rate of inflation, the result is that the total taxable value of the Township will more than likely grow by less than the rate of inflation, before considering new property. However, the impact of reduced revenue sharing has had a lesser effect on Bloomer Township than most due to the location of two state corrections facilities within the Township. A portion of the prison population is used as a basis for determining net revenue sharing funds.

Contacting Your Township

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's accountability for the money it receives. If you have questions about this report or need additional information, you may contact us at Bloomer Township, 11740 Jenks Rd., Carson City, Michigan, 48811 or by telephone at 989-584-6066.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Bloomer Township
Statement of Net Assets
March 31, 2006

	<u>Total</u>
Assets	
Current assets	
Cash and cash equivalents	\$307,974
Property taxes receivable	2,579
Due from other governmental units	43,305
Due from agency fund	68,146
Current portion of notes receivable	<u>25,000</u>
Total current assets	<u>447,004</u>
Concurrent assets	
Capital assets - net	18,727
Notes receivable	<u>100,000</u>
Total concurrent assets	<u>118,727</u>
Total assets	<u>565,731</u>
Liabilities	
Current liabilities	
Accounts payable	<u>10,210</u>
Total current liabilities	<u>10,210</u>
Net Assets	
Investment in capital assets, net of related debt	18,727
Net assets - unrestricted	<u>536,794</u>
Total net assets	<u><u>\$555,521</u></u>

See accompanying notes to the financial statements.

Bloomer Township
Statement of Activities
for the Year Ended March 31, 2006

	<u>Expenses</u>	<u>Program revenues</u> Charges for Services	<u>Net (expense) revenue and changes in net assets</u>
Governmental activities			
Legislative	\$5,779	-	(\$5,779)
General government	53,175	-	(53,175)
Public safety	14,656	\$2,270	(12,386)
Public works	108,991	-	(108,991)
Community and economic development	5,858	1,645	(4,213)
Recreation	10,612	-	(10,612)
Total governmental activities	<u>\$199,071</u>	<u>\$3,915</u>	(195,156)
General revenues			
Property taxes			33,860
State shared revenues			186,257
Unrestricted investment earnings			9,264
Other			<u>5,927</u>
Total general revenues			235,308
Change in net assets			40,152
Net assets - beginning of year			<u>515,369</u>
Net assets - end of year			<u>\$555,521</u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

Bloomer Township
Balance Sheet
Governmental Fund
March 31, 2006

	General Fund
Assets	
Cash and cash equivalents	\$307,974
Property taxes receivable	2,579
Due from other governmental units	43,305
Due from other funds	68,146
Notes receivable	<u>125,000</u>
Total assets	<u><u>\$547,004</u></u>
Liabilities	
Accounts payable	<u>\$10,210</u>
Total liabilities	<u>10,210</u>
Fund balance	
Fund balance - unreserved	<u>536,794</u>
Total fund balance	<u>536,794</u>
Total liabilities and fund balance	<u><u>\$547,004</u></u>

See accompanying notes to the financial statements.

Bloomer Township
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of Governmental Activities
on the Statement of Net Assets
for the Year Ended March 31, 2006

Total fund balance - governmental fund		\$536,794
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: capital assets	208,672	
Deduct: accumulated depreciation	<u>(189,945)</u>	
		<u>18,727</u>
Net assets of governmental activities		<u><u>\$555,521</u></u>

See accompanying notes to the financial statements.

Bloomer Township
Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Funds
for the Year Ended March 31, 2006

	General Fund
Revenues	
Taxes and penalties	\$33,860
State grants	186,257
Charges for services	3,915
Interest and rentals	9,264
Other revenues	5,927
	<hr/>
Total revenues	239,223
	<hr/>
Expenditures	
Legislative	5,779
General government	43,493
Public safety	14,656
Public works	108,991
Community and economic development	5,858
Other	10,612
	<hr/>
Total expenditures	189,389
	<hr/>
Excess (deficiency) of revenues over expenditures	49,834
	<hr/>
Fund balance, beginning of year	486,960
	<hr/>
Fund balance, end of year	\$536,794
	<hr/>

See accompanying notes to the financial statements.

Bloomer Township
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Year Ended March 31, 2006

Net change in fund balances - total governmental funds	\$49,834
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Deduct: depreciation expense	<u>(9,682)</u>
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Change in net assets of governmental activities	<u><u>\$40,152</u></u>
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See accompanying notes to the financial statements.

Bloomer Township
Balance Sheet
Trust and Agency Fund
Year Ended March 31, 2006

	Tax Collection Fund
Assets	
Cash	<u>\$68,146</u>
Total assets	<u><u>\$68,146</u></u>
Liabilities	
Due to general fund	<u>\$68,146</u>
Total liabilities	<u>68,146</u>
Total Liabilities and Fund Balance	<u><u>\$68,146</u></u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Bloomer Township
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Bloomer Township (the Township) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

New Accounting Standards Adopted

In fiscal year 2006, the Township adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- # 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – (an Amendment to No. 34)*
- # 38 – *Certain Financial Statement Note Disclosures.*

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the Township's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the Township's statement of net assets includes both noncurrent assets and noncurrent liabilities of the Township, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group.

In addition to the government-wide financial statements, the Township has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Bloomer Township
Notes to Financial Statements
March 31, 2006

Statement No. 34 also requires certain required supplementary information in the form of *Management's Discussion and Analysis* which includes an analytical overview of the Township's financial statements. In addition, a budgetary comparison statement is presented that compares the adopted and modified budget for all major funds with actual results.

Statement No. 37 amends GASB Statements No. 21 and 34. The amendments to Statement 21 are necessary because of the changes to the fiduciary fund structure required by Statement 34.

GASB has issued Statement No. 38, *Certain Financial Statement Note Disclosures* which modifies, establishes and rescinds certain financial statement disclosure requirements.

Reporting Entity

The Township is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Township and its component units. In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in a reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to consumers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Bloomer Township
Notes to Financial Statements
March 31, 2006

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, claims and judgments, are recorded only when payment is due.

Fiduciary Fund Financial Statements – Fiduciary funds account for assets held by the Township as a trustee or agency capacity on behalf of others and, therefore, are not available to support Township operations. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township's operations. The Township currently maintains an agency fund to account for the monies collected and paid to various governmental entities for property tax collections.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Bloomer Township
Notes to Financial Statements
March 31, 2006

The Township reports the following major funds:

Governmental Funds - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Budgets and Budgetary Accounting

Budgets are adopted by the Township for the general fund. The budget is adopted and prepared on the modified accrual basis of accounting. The budget is adopted at the function level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

Property Taxes

Property taxes are levied on each December 1st on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th with the final collection date of February 28th before they are added to the county delinquent tax rolls.

For Township operations, the 2005 Taxable Valuation of the Township totaled \$31,157,747 on which 0.8283 mills were levied.

The total 2005 levy for the Township was \$33,860.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Inventories

Inventories, which are immaterial in amount, are not recognized as an asset in these financial statements. Inventories are recorded as expenditures at the time of purchase in the governmental and proprietary fund types.

Bloomer Township
Notes to Financial Statements
March 31, 2006

Deposits

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit.

Receivables

Receivables have been recognized for all significant amounts due the Township in accordance with the accounting principles used for the particular fund. Valuation reserves have not been provided since their collection is not considered doubtful and any uncollected amounts would be immaterial.

Capital Assets

Capital assets, which include property, plant and equipment, of the governmental activities are reported in the governmental column in the government-wide financial statements. Capital assets of the proprietary funds are reported in the statement of net assets of the proprietary funds. Capital assets are defined by the Township as individual assets with an initial cost equal to or more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Township does not have infrastructure type assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of capital assets is not capitalized. No interest expense was incurred during the current year.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Bloomer Township
Notes to Financial Statements
March 31, 2006

Capital assets of the Township are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings & Improvements	40
Equipment & Furnishings	5
Computers	3

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted at the function level and on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end. The Township does not maintain a formalized encumbrance accounting system. The budgeted revenues and expenditures, as presented in this report, include any authorized amendments to the original budget as adopted.

Excess of Expenditures over Appropriations

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2006, the Township did not incur expenditures in excess of the amounts appropriated as shown on page 16 of this report.

NOTE 3 - DETAILED NOTES

Cash and Cash Equivalents

Michigan Compiled Laws, Section 129.91, authorized the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Bloomer Township
Notes to Financial Statements
March 31, 2006

The Township's deposits are in accordance with statutory authority.

At March 31, 2006, the carrying amount of the Township's cash and cash equivalents was \$307,974, all held in checking accounts. At year end, the bank balance was \$310,245, of which \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits government funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Due From Other Governments

The amount of "Due From Other Governments" represents state revenue sharing received after year end.

Due From/To Other Funds

The amount of "Due From/To Other Funds" represents property taxes collected and held in the Agency fund that are due to the General Fund.

Capital Assets

A summary of changes in general fund capital assets follows:

	April 1, 2005	Additions	Disposals	March 31, 2006
Buildings & Improvements	\$187,272	-	-	\$187,272
Equipment & Furnishings	6,400	-	-	6,400
Computers	15,000	-	-	15,000
Sub-totals	208,672	-	-	208,672
Accumulated Depreciation	(180,263)	(\$9,682)	-	(189,945)
Totals	\$28,409	(\$9,682)		\$18,727

Depreciation expense was charged to the general government function.

Bloomer Township
Notes to Financial Statements
March 31, 2006

Risk Management

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Township has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

Building Inspection Department Fund

Public Act 245 of 1999 was signed on December 28, 1999 and took immediate effect. This act amends the State Construction Code Act (Public Act 230 of 1972) and requires, among other things, the establishment of a special revenue fund to account for the revenues and expenditures associated with issuing building permits, examining plans and specifications, inspecting construction before issuing permits, and issuing certificates of use and occupancy.

The Township has not established this fund because the fee structure is not intended to recover the full cost and the Township has the ability to track the full cost and revenues of this activity without creating a separate fund.

The revenues generated under this act for the year ended March 31, 2006 were \$1,645. The expenditures incurred for this activity during the year ended March 31, 2006 were \$5,858.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE

Bloomer Township
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
for the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variances Between Actual and Final Budget
	Original	Final		
Revenues				
Taxes and penalties	\$7,605	\$7,605	\$33,860	\$26,255
State grants	190,000	190,000	186,257	(3,743)
Charges for services	1,900	1,900	3,915	2,015
Interest and rentals	5,000	5,000	9,264	4,264
Other revenues	5,048	5,048	5,927	879
Total Revenues	209,553	209,553	239,223	29,670
Expenses				
Legislative	6,613	6,613	5,779	834
General government	47,817	47,817	43,493	4,324
Public safety	14,656	14,656	14,656	-
Public works	118,062	118,062	108,991	9,071
Community and economic development	7,619	7,619	5,858	1,761
Other	14,786	14,786	10,612	4,174
Total Expenditures	209,553	209,553	189,389	20,164
Excess (deficiency) of revenues over expenditures	-	-	49,834	49,834
Fund balance, beginning of year	445,106	445,106	486,960	41,854
Fund balance, end of year	\$445,106	\$445,106	\$536,794	\$91,688

See accompanying notes to the financial statements.

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND – STATEMENT OF REVENUES AND EXPENDITURES

Bloomer Township
General Fund
Statement of Expenditures
for the Year Ending March 31, 2006

	<u>2006</u>
Legislative	
Township Board	
Salaries and wages	\$3,900
Other	<u>1,879</u>
Total Legislative	<u>5,779</u>
 General Government	
Supervisor	
Salaries and wages	4,430
 Assessor	
Contracted services	9,838
 Clerk	
Salaries and wages	6,850
Supplies	228
Other	<u>1,578</u>
Total clerk	8,656
 Treasurer	
Salaries and wages	8,190
Supplies	1,549
Other	<u>3,598</u>
Total treasurer	13,337

See accompanying notes to the financial statements.

Bloomer Township
General Fund
Statement of Expenditures
for the Year Ending March 31, 2006

	<u>2006</u>
Board of Review	
Salaries and wages	\$1,042
Building and Grounds	
Repairs and maintenance	1,380
Utilities	<u>1,241</u>
Total building and grounds	2,621
Cemetery	
Salaries and wages	3,541
Repairs and maintenance	<u>28</u>
Total cemetery	3,569
Total General Government	<u>43,493</u>
Public Safety	
Fire Protection	
Contracted services	<u>14,656</u>
Total Public Safety	<u>14,656</u>

See accompanying notes to the financial statements.

Bloomer Township
General Fund
Statement of Expenditures
for the Year Ending March 31, 2006

	<u>2006</u>
Public Works	
Drains at Large	
Contracted services	\$12,438
Highways, Streets and Bridges	<u>96,553</u>
Total Public Works	108,991
Community and Economic Development	
Zoning Board	
Salaries and wages	5,234
Other	<u>624</u>
Total Community and Economic Development	5,858
Other	
Payroll taxes	2,371
Other	<u>8,241</u>
Total Other	<u>10,612</u>
Total Expenditures	<u><u>\$189,389</u></u>

See accompanying notes to the financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Township Board
Bloomer Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloomer Township (the Township) as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Township in a separate letter dated September 13, 2006.

This report is intended solely for the information and use of management and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.


Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 13, 2006



Management Letter

Members of the Board
Bloomer Township, Michigan

In planning and performing our audit of the financial statements of Bloomer Township for the fiscal year ended March 31, 2006, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our audit report dated September 13, 2006 on the financial statements of Bloomer Township.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience.

Sincerely,

Roslund, Prestage & Company P.C.
Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 13, 2006

Organizational Structure

The size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that all Township Board Members remain involved in the financial affairs of the organization to provide oversight and independent review functions.

Approval of Wage Increases

The minutes currently refer to approval of salaries and wages. However, the reference is to a percentage increase over the prior year's amounts. We recommend that the minutes be expanded to include the actual annual salaries and/or hourly pay rates. This will make the process of determining the specific salary or wage rates in effect much easier.

Tax Agency Account

During our audit we noted that the Township has, over the past several years, not transferred all of the Township taxes received out of the tax collection agency fund into the Township's general operating fund. We recommend that the taxes collected for the Township be transferred to the general operating fund at the same time taxes collected for other governmental agencies are remitted to those agencies. This process will help to keep the balance in the tax collection agency fund to either zero, or a required minimum balance, which will assist the Township in determining interest earned on the account and actual revenues available in the general fund, as well as to assure that all funds collected have been transferred to the respective government agency.

Qualifying Statement Remittance

By statute, the Township is required to submit, among other things, a qualifying statement to the State of Michigan every year. This form is due to the State within 180 days after the Township's fiscal year-end. Qualifying statements are required to be submitted electronically and can be found at www.michigan.gov/treasury.